

Message Text

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PAGE 01 BRASIL 01861 01 OF 03 011141Z

12-17

ACTION ARA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

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P R 281900Z FEB 76

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC PRIORITY 4296

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

LIMITED OFFICIAL USE SECTION 1 OF 3 BRASILIA 1861

PASS TREASURY FOR BILL MCFADDEN

E.O. 11652: N/A

TAGS: ETRD; EFIN; BR

SUBJECT: BRAZILIAN EXPORT PERFORMANCE

REF: BRASILIA 1784

SUMMARY. BRAZIL'S 1975 EXPORTS TOTALLED \$8.655 BILLION, AN INCREASE OF 8.86 PERCENT OVER 1974 (\$7.95 BILLION). THIS RATE OF GROWTH, WHILE RESPECTABLE, IS FAR BELOW THE RATE OF RECENT YEARS, 30.5 PERCENT A YEAR IN THE 1970-74 PERIOD. THE SLACKENED GROWTH RATE, EVIDENT IN BOTH BASIC AND MANUFACTURED PRODUCTS, WAS CAUSED BY A COMBINATION OF FALLING COMMODITY PRICES, PRODUCTION DIFFICULTIES AND THE WORLD ECONOMIC RECESSION. WITH THESE THREE NEGATIVE FACTORS CONTINUING INTO THE NEW YEAR, 1976 EXPORTS ARE NOT EXPECTED TO SHOW MUCH, IF ANY, INCREASE. A VERY PRELIMINARY ESTIMATE IS \$9 BILLION. THIS MESSAGE WAS PREPARED BY CONGEN RIO, AND HAS EMBASSY CONCURRENCE. END SUMMARY.

A. 1975 PERFORMANCE

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PAGE 02 BRASIL 01861 01 OF 03 011141Z

1. BRAZILIAN EXPORTS IN 1975 TOTALLED 8.655 BILLION DOLLARS, AN INCREASE OF 8.86 PERCENT OVER 1974. EXPORT GROWTH DECELERATED THROUGHOUT 1975 WHEN COMPARED WITH THE SAME MONTH OF 1974. IN FACT, FOR THE LAST FOUR MONTHS OF 1975 EXPORTS ACTUALLY FELL COMPARED WITH SAME MONTH IN THE PREVIOUS YEAR.

2. THE EXPORT GROWTH RATE IS CONSIDERABLY BELOW THAT OF RECENT YEARS. WHEREAS EXPORTS ROSE IN 1970-1974 PERIOD AT AN ANNUAL RATE OF 30.5 PERCENT, 1975'S EXPORT GROWTH WAS LESS THAN ONE-THIRD THAT RATE. SEVERAL REASONS CAN BE CITED: LOWER

COMMODITY PRICES, SOME PRODUCTION DIFFICULTIES AND THE WORLD ECONOMIC RECESSION WHICH REDUCED DEMAND FOR BRAZILIAN PRODUCTS, BOTH BASIC AND MANUFACTURED. THE SLOWER RATE OF GROWTH EXTENDED ACROSS THE BOARD IN PRODUCT CATEGORIES. USING GOB DEFINITIONS, BASIC PRODUCT EXPORTS INCREASED 9.5 PERCENT, SEMI-MANUFACTURED PRODUCTS ACTUALLY FELL 7.4 PERCENT AND MANUFACTURED PRODUCTS GREW 14.3 PERCENT. (SEMI-MANUFACTURED PRODUCTS INCLUDE OILS, WOOD PRODUCTS, WAXES AND VARIOUS SEMI-FINISHED IRON PRODUCTS). FOR THE FOLLOWING ANALYSIS, HOWEVER, WE HAVE ADJUSTED GOB PRODUCT DEFINITIONS AS FOLLOWS: SEMI-REFINED AND REFINED SUGAR ARE INCLUDED WITH RAW SUGAR. SIMILARLY, SOLUBLE COFFEE IS INCLUDED WITH GREEN COFFEE AND SOY MEAL AND OIL IS INCLUDED WITH BEANS. GOB STATISTICS PLACE SOY OIL, REFINED SUGAR AND INSTANT COFFEE AMONG MANUFACTURED PRODUCTS AND SEMI-REFINED SUGAR AS SEMI-MANUFACTURED. WITH THESE ADJUSTMENTS, WE MAKE THE FOLLOWING ANALYSIS.

3. WHEREAS IN 1974 THREE PRODUCTS HAD EXPORTS AT OR ABOVE THE \$900 MILLION LEVEL, IN 1975 A FOURTH PRODUCT, IRON ORE, JOINED THE LIST. THE FOUR LEADING EXPORTS, SUGAR, COFFEE, IRON ORE AND SOY BEANS, ACCOUNTED FOR 49 PERCENT OF ALL EXPORTS DURING 1975. THIS IS ACTUALLY AN INCREASE OVER 1974, WHEN THE FIGURE WAS 46.2 PERCENT. HOWEVER, THE DISTRIBUTION AMONG THESE FOUR PRODUCTS IS MUCH MORE EVEN. EXPORTS OF THESE FOUR PRODUCTS INCREASED 12.7 PERCENT OVER 1974. THIS INCREASE IN DOLLAR TERMS AMOUNTED TO ALMOST 60 PERCENT OF THE LIMITED OFFICIAL USE

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PAGE 03 BRASIL 01861 01 OF 03 011141Z

INCREASE IN TOTAL EXPORT EARNINGS.

4. MANUFACTURED PRODUCTS ALSO SHOWED A SIGNIFICANT INCREASE, 14 PERCENT, FROM 2.09 BILLION TO \$2.38 BILLION. SEMI-MANUFACTURED EXPORTS ACTUALLY FELL 22 PERCENT, ACCORDING TO OUR ADJUSTED VERSION, BUT THEIR WEIGHT IN TOTAL EXPORTS IS RELATIVELY SMALL, LESS THAN \$500 MILLION.

5. OF BRAZIL'S MAJOR EXPORT PRODUCTS, SUGAR EXPORTS DECLINED 17 PERCENT, WITH EXPORTS \$1.1 BILLION VS. \$1.3 BILLION IN 1974. WITHIN INDIVIDUAL SUB-CATEGORIES, RAW AND SEMI-REFINED SUGAR EXPORTS FELL MORE THAN 20 PERCENT, WHILE REFINED EXPORTS WERE UP SUBSTANTIALLY, THOUGH FROM A SMALL BASE. THE 1975 TOTAL, HOWEVER, IS SOMEWHAT MISLEADING AS SUGAR PRICES FELL THROUGHOUT 1975. THUS, VOLUME IN 1975 WAS ACTUALLY DOWN SUBSTANTIALLY OVER THE 1974 VOLUME BUT THE HIGH PRICES IN EARLY 1975 MORE THAN MADE UP FOR THE VOLUME DECLINE. PRODUCTION DIFFICULTIES(DROUGHT IN THE SOUTH AND FLOOD IN THE NORTH) AND LOW WORLD PRICES SEVERELY CLOUD PROSPECTS FOR HIGH EARNINGS DURING 1976.

6. COFFEE EXPORTS SHOWED A MODERATE DECLINE OVER 1974 WITH 1975 EXPORTS OF \$932 MILLION COMPARED WITH \$980 MILLION IN THE EARLIER YEAR. FOR GREEN COFFEE, VOLUME WAS ACTUALLY UP (13.2 PERCENT), BUT PRICES FOR THE YEAR WERE DOWN (12.9 PERCENT). IN THE CASE OF SOLUBLE COFFEE, BOTH PRICE AND VOLUME WERE DOWN. AGAIN, HOWEVER, THESE FIGURES ARE SOMEWHAT MISLEADING. PRICES WERE DEPRESSED EARLY IN THE YEAR BUT THE AUGUST FROST COMPLETELY CHANGED COFFEE MARKET CONDITIONS AND PRICES HAVE SOARED IN RECENT MONTHS THOUGH MOST 1975 SALES TOOK PLACE BEFORE THE FROST.

7. IRON ORE EXPORTS SHOWED THE GREATEST YEARLY PERCENTAGE GAIN (45 PERCENT) OF ANY OF THE FOUR PRINCIPAL EXPORT PRODUCTS, WITH EXPORTS REACHING \$909 MILLION AS OPPOSED TO \$571 MILLION THE PREVIOUS YEAR. THIS IS A RESULT OF INCREASES IN BOTH TONNAGE AND PRICE. PROSPECTS FOR 1976 ARE FAIRLY ENCOURAGING.

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PAGE 04 BRASIL 01861 01 OF 03 011141Z

8. SOY EXPORTS ALSO SHOWED A SUBSTANTIAL INCREASE IN 1975, UP SOME 46 PERCENT FROM 1974 FIGURES, WITH \$1.3 BILLION AS OPPOSED TO \$891 MILLION THE YEAR EARLIER. INCREASES WERE ACROSS THE BOARD WITH BEANS AND MEAL BOTH RISING AND OIL EXPORTS AMOUNTING TO \$152 MILLION COMPARED WITH \$1.9 MILLION IN EXPORTS DURING 1974. (SOYBEAN OIL EXPORTS WERE EMBARGOED THROUGH MOST OF 1974.) INCREASES IN MEAL AND BEAN EXPORTS OCCURRED IN THE FACE OF LOWER AVERAGE PRICES FOR THE YEAR. WORLD MARKET PRICES HAVE BEEN DECLINING IN RECENT MONTHS AND RELATIVELY FEW SALES HAVE BEEN MADE OF BRAZILIAN SOY. CONSEQUENTLY, END OF 1975 CARRY-OVER IS EXPECTED TO BE SUBSTANTIALLY HIGHER THAN PREVIOUSLY ESTIMATED, WHICH COMBINED WITH ESTIMATED 1976 PRODUCTION OF 11-12 MILLION TONS INDICATES SUBSTANTIAL EXPORT AVAILABILITY FOR 1976. PRICES, HOWEVER, ARE A QUESTION MARK. THIS WILL BE DISCUSSED LATER.

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PAGE 01 BRASIL 01861 02 OF 03 011154Z

12-17

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LIMITED OFFICIAL USE SECTION 2 OF 3 BRASILIA 1861

PASS TREASURY FOR BILL MCFADDEN

9. AS NOTED ABOVE, MANUFACTURED EXPORTS ROSE SOME 14 PERCENT OVER 1974. SUBSTANTIAL INCREASES WERE RECORDED IN EXPORTS OF SHOES, OFFICE EQUIPMENT, MACHINERY AND TRANSPORTATION EQUIPMENT. ONE REASON FOR THE INCREASES IN THE LAST 3 CATEGORIES IS THAT SOME MULTI-NATIONAL COMPANIES ARE BEGINNING TO FULFILL THEIR EXPORT COMMITMENTS MADE WITH THE BRAZILIAN GOVERNMENT AT THE TIME OF INITIAL INVESTMENT OR EXPANSION. SIGNIFICANT DECLINES WERE RECORDED IN VARIOUS TEXTILE PRODUCTS. PROCESSED FOODS WERE MIXED, WITH CANNED BEEF EXPORTS DOWN AND ORANGE JUICE EXPORTS UP.

B. 1976 PROSPECTS

10. ANY ATTEMPT TO PREDICT BRAZILIAN EXPORTS FOR 1976 IS HAZARDOUS. PRICES FOR MANY BRAZILIAN EXPORTS ARE SUBJECT TO SUBSTANTIAL FLUCTUATIONS. EXPORTABLE SURPLUSES CANNOT BE ESTIMATED SO EARLY IN THE YEAR. FINALLY, THE LEVEL OF WORLD DEMAND FOR BRAZILIAN BASIC AND MANUFACTURED

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PAGE 02 BRASIL 01861 02 OF 03 011154Z

PRODUCTS IS AN IMPORTANT FACTOR IN DETERMINING THE LEVEL OF BRAZILIAN EXPORTS. HOWEVER, IT IS STILL DESIRABLE TO MAKE SOME ATTEMPT TO LOOK AT PROSPECTS FOR BRAZIL'S 1976 EXPORT PERFORMANCE. IN THIS REGARD, IT IS USEFUL TO START WITH THE FOUR MAJOR PRODUCTS (SUGAR, SOY, COFFEE AND IRON ORE) WHICH ACCOUNTED FOR ALMOST HALF OF 1975 EXPORTS. FOLLOWING THIS, A BRIEF LOOK CAN BE TAKEN AT SOME OTHER BASIC AND MANUFACTURED PRODUCT EXPORTS AND THEIR PROSPECTS. THIS PROVIDES A GENERAL IDEA OF PROSPECTS FOR 1976 EXPORTS THOUGH, AS NOTED ABOVE, THERE IS A CONSIDERABLE MARGIN OF ERROR.

11. GOB OFFICIALS CONCERNED WITH EXPORTS (BOTH IN CACEX AND IN THE MAJOR GOVERNMENT INSTITUTES) EXPRESS CONSIDERABLE UNEASE REGARDING PROSPECTS FOR 1976 EXPORTS. THE FOLLOWING ANALYSIS DRAWS HEAVILY ON THE VIEWS OF OFFICIALS RESPONSIBLE FOR INDIVIDUAL PRODUCTION CATEGORIES AS WELL AS CACEX OFFICIALS WHO HAVE A "BIG PICTURE" VIEW POINT. THEIR SUMMARY VIEW, WITH WHICH EMB AGREES, IS THAT BRAZILIAN EXPORTS WILL BE HARD PRESSED TO SHOW A SIGNIFICANT (I.E., MORE THAN 5 PERCENT) GROWTH OVER 1975 EXPORTS. AT THIS POINT, FURTHERMORE, IT CANNOT BE SAID THAT ANY GROWTH IN 1976 IS ASSURED. THIS CONCLUSION IS SUPPORTED BY THE FOLLOWING ANALYSIS.

12. IN A PRIVATE TALK WITH CONGEN RIO, THE BRAZILIAN SUGAR INSTITUTE EXPORT DIRECTOR ESTIMATED 1976 SUGAR EXPORTS (RAW, SEMI-REFINED AND REFINED) AT \$500 MILLION, A DECLINE OF SOME \$600 MILLION FROM 1975. ONLY MINIMAL EXPORTS OF SUGAR ARE EXPECTED IN THE FIRST 6 MONTHS OF 1976. THESE EXPORTS WILL LARGELY BE UNDER LONG TERM CONTRACTS. IN FACT, THE \$500 MILLION ESTIMATE FOR 1976 DEPENDS NOT ONLY ON GOOD SUGAR PRODUCTION IN THE 1976/1977 CROP YEAR (AFTER THE VARIOUS 1975 DISASTERS) BUT ALSO ON PRICE RECOVERY IN WORLD SUGAR MARKETS. TRADE SOURCES CONCUR WITH THIS ESTIMATE.

13. COFFEE EXPORTS ARE EXPECTED TO SHOW AN INCREASE IN 1976 OVER 1975, WITH EARNINGS OF \$1.5 BILLION, AN IMPROVEMENT INCREASE OF APPROXIMATELY \$550 MILLION OVER 1975. THIS RISE WOULD BE DUE ENTIRELY TO PRICE SINCE THE

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PAGE 03 BRASIL 01861 02 OF 03 011154Z

DEVASTATING JULY 1975 FROST HAS REDUCED EXPORTABLE SURPLUSES

TREMENDOUSLY.

14. IRON ORE EXPORTS ARE ALSO EXPECTED TO SHOW A GAIN IN 1976 OVER 1975, AS A RESULT OF PRICE INCREASES. 1976 EXPORTS SHOULD TOTAL \$950 MILLION TO \$1 BILLION AS COMPARED TO 1975 EXPORTS OF \$909 MILLION.

15. OF THE MAJOR BRAZILIAN EXPORTS, SOYBEANS AND SOY PRODUCTS PRESENT THE BIGGEST PROBLEM IN ESTIMATING 1976 EXPORTS. FALLING PRICES IN LATE 1975 HAVE LED TO A 1975-76 CARRY-OVER SIGNIFICANTLY HIGHER THAN PREVIOUSLY EXPECTED. EARLY ESTIMATES FOR 1976 SOY PRODUCTION ARE FOR 11-12 MILLION TONS, AN INCREASE OF 1.5 TO 2.0 MILLION TONS OVER 1975. CONSEQUENTLY, BRAZIL SHOULD HAVE SUBSTANTIALLY INCREASED EXPORTABLE SURPLUSES IN BEANS, MEAL AND OIL. HOWEVER, PRICES ARE A REAL QUESTION MARK. RESPONSIBLE CACEX OFFICIALS ARE FAIRLY PESSIMISTIC OVER THE PROSPECTS FOR SOY EXPORTS FOR 1976. THEY DO NOT EXPECT ANY INCREASE IN SOY EARNINGS AND ARE IN FACT FEARFUL OF A SIGNIFICANT DROP, WHICH COULD BE AS LOW AS \$1 BILLION (IF PRICES DO NOT RECOVER FROM THEIR CURRENT LOW LEVELS). CONSEQUENTLY, OUR PRELIMINARY ESTIMATE FOR 1976 EXPORTS IS \$1.3 BILLION. THIS, HOWEVER, CAN BE ATTAINED ONLY AS PRICES STABILIZE. OTHERWISE, \$1 BILLION COULD BE A BETTER ESTIMATE.

16. TAKING THE FOUR PRODUCTS DISCUSSED ABOVE, PROSPECTS ARE FOR TOTAL EXPORTS EARNINGS OF \$3.95-4.3 BILLION AS COMPARED TO \$4.24 BILLION IN 1975. SINCE AS NOTED EARLIER, THESE FOUR PRODUCTS ACCOUNTED FOR 60 PERCENT OF THE GAIN IN 1975 EXPORT EARNINGS, AND FOR HALF OF 1975 TOTAL EARNINGS, ANY HOPES FOR A SUBSTANTIAL INCREASE IN TOTAL 1976 RECEIPTS DEPEND ON EITHER SUBSTANTIAL ERRORS IN THE ESTIMATES FOR THE TOP FOUR PRODUCTS OR SUBSTANTIAL IMPROVEMENT IN THE VARIETY OF PRODUCTS THAT ACCOUNT FOR THE OTHER HALF OF BRAZILIAN EXPORTS. THERE IS NO SERIOUS EXPECTATION THAT THE TOTAL ESTIMATED FOR THE FOUR PRINCIPAL PRODUCTS WILL BE PROVEN WRONG, AT LEAST ON THE LOW SIDE. IT IS WORTH-WHILE, THEN, TO LOOK AT THE "OTHER" BRAZILIAN EXPORTS.

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PAGE 01 BRASIL 01861 03 OF 03 011203Z

17
ACTION ARA-10

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INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

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LIMITED OFFICIAL USE SECTION 3 OF 3 BRASILIA 1861

PASS TREASURY FOR BILL MCFADDEN

17. EXPORTS, APART FROM THOSE DISCUSSED ABOVE, CAN BE DIVIDED INTO 2 BASIC CATEGORIES, BASIC PRODUCTS AND MANUFACTURED PRODUCTS. SEMI-MANUFACTURED PRODUCTS DO NOT WEIGH HEAVILY IN THE TOTAL EXPORT ACCOUNT AND MAINLY CONSIST OF SOME BASIC IRON PRODUCTS, WOOD AND CERTAIN OILS. EVEN IF THE SEMI-MANUFACTURED EXPORTS GREW BY 50 PERCENT, THIS WOULD ONLY ADD \$250 MILLION TO TOTAL BRAZILIAN EXPORTS. WE ASSUME A 10 PERCENT INCREASE.

18. PROSPECTS FOR OTHER BRAZILIAN BASIC PRODUCT EXPORTS ARE MIXED. SEVERE PRODUCTION DIFFICULTIES IN 1975 IN COTTON RESULTED IN A DECLINE IN ACREAGE AND WILL ALMOST CERTAINLY RESULT IN A SIGNIFICANT DROP IN COTTON EXPORTS. COTTON EXPORTS AMOUNTED TO ALMOST \$100 MILLION IN 1975 AND SOME OBSERVERS SAY THERE MAY NOT EVEN BE ANY COTTON EXPORTS DURING 1976. THIS MAY OR MAY NOT TURN OUT TO BE THE CASE. HOWEVER, IT IS CLEAR THAT A SUBSTANTIAL DECLINE IN COTTON EXPORTS IS IN THE CARDS. PROSPECTS ARE CONSIDERED GOOD FOR BRAZILIAN COCOA, CORN AND TOBACCO PRODUCTION AND EXPORTS IN 1975 ACCORDING TO CACEX LIMITED OFFICIAL USE

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PAGE 02 BRASIL 01861 03 OF 03 011203Z

AND TRADE OBSERVERS. THESE PRODUCTS ACCOUNTED FOR APPROXIMATELY \$500 MILLION IN EXPORTS OF 1975. SOME INCREASE IN THEIR TOTAL EARNINGS CAN BE EXPECTED IN 1976, THOUGH NO ONE IS EXPECTING ANY LARGE RISE. PETROLEUM AND MANGANESE EXPORTS ARE EXPECTED TO SHOW IMPROVEMENT, DUE LARGELY TO BETTER PRICES. ALL IN ALL, THEN, SOME INCREASE MAY BE EXPECTED IN BASIC PRODUCT EXPORTS (SAY 10 PERCENT).

19. MANUFACTURED PRODUCTS ARE A DIVERSE LOT. THEY RANGE FROM SHOES AND TEXTILES TO MACHINERY AND AUTOMOBILES TO

PROCESSED FOODS SUCH AS ORANGE JUICE AND CANNED MEAT. ALTOGETHER MANUFACTURED PRODUCTS ACCOUNTED FOR \$2.38 BILLION IN EXPORT EARNINGS IN 1975, AN INCREASE OF 14 PERCENT OVER 1974. A FURTHER GAIN IS EXPECTED IN 1976 SINCE SOME OF THESE PRODUCTS ARE COVERED BY BEFIEX, THE GOB PROGRAM WHEREBY MULTINATIONALS IN BRAZIL AGREED TO EXPORT SPECIFIED AMOUNTS DURING A SPECIFIED PERIOD (USUALLY 10 YEARS). TYPICALLY, EXPORTS UNDER THIS PROGRAM GO UP AS THE CONTRACTED PERIOD GOES ON. CONSEQUENTLY, AN INCREASE IS EXPECTED IN THESE GOODS, PARTICULARLY MACHINERY AND TRANSPORTATION EQUIPMENT. EXPORTERS ARE ALSO QUITE OPTIMISTIC WITH REGARD TO ORANGE JUICE AND CANNED BEEF, SIMILARLY, SHOE EXPORTERS HOPE FOR A GOOD DEMAND FOR THEIR PRODUCT. IT IS ALMOST IMPOSSIBLE TO MAKE AN ESTIMATE FOR TOTAL MANUFACTURED PRODUCTS EARNINGS OF 1976 BECAUSE OF THE DIVERSITY OF THE FIELD. HOWEVER, A ROUGH ESTIMATE MIGHT BE FOR AN INCREASE SIMILAR TO THAT THIS YEAR, I.E., 14 PERCENT, OR SOME \$300 MILLION, FOR A TOTAL OF \$2.7 BILLION.

20. ON THE BASIS OF THE PRELIMINARY AND ROUGH ANALYSIS GIVEN IN THE PREVIOUS PARAGRAPHS, BEST PROSPECTS ARE FOR A MINIMAL (LESS THAN 5 VCENT) INCREASE IN BRAZILIAN EXPORTS DURING 1975, CERTAINLY LESS THAN THE 1975/74 INCREASE. THE ABOVE NUMBERS WOULD INDICATE 1976 EXPORT EARNINGS OF \$9.02 BILLION, IF THE HIGH ESTIMATES FOR THE FOUR MAJOR EXPORTS ARE USED, OR IF THE LOW ESTIMATES ARE USED. SINCE THE ESTIMATES FOR THE FOUR MAJOR PRODUCTS ARE SHARED BY GOVERNMENT AND TRADE OBSERVERS, AND SINCE THESE PRODUCTS ACCOUNTED FOR HALF OF 1975 EXPORTS, IT SEEMS SAFE TO SAY THAT THERE WILL BE NO 1976 EXPORT BOOM. THE BIGGEST PROBLEM CLEARLY IS THE COLLAPSE OF SUGAR EXPORTS. THE DEGREE TO WHICH THERE WILL BE A SIGNIFICANT LIMITED OFFICIAL USE

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PAGE 03 BRASIL 01861 03 OF 03 011203Z

INCREASE IN EXPORT EARNINGS WILL DEPEND ON THE "OTHER" PRODUCTS. HOWEVER, IT WILL TAKE EXCELLENT PERFORMANCES IN A WIDE RANGE OF THESE PRODUCTS TO PRODUCE ANY SUBSTANTIAL INCREASE IN TOTAL BRAZILIAN EXPORTS.

COMMENT

RECENT NEWSPAPER ARTICLES, APPARENTLY BASED ON BACKGROUNDEES BY CACEX OR FINANCE MINISTRY OFFICIALS, AND CONGEN RIO'S CONTACTS WITH CACEX EXPORT DIRECTOR RAUL CARNEIRO SUGGEST THAT THE GOB SEES AN EXPORT PICTURE NOT DIFFERENT FROM THAT DESCRIBED ABOVE. IT IS NOT A HOPELESS PICTURE. THERE ARE POSSIBILITIES FOR SUBSTANTIAL IMPROVEMENT, SAY FOR EXAMPLE IF SOY PRICES INCREASE SIGNIFICANTLY. IN ADDITION, PROSPECTS FOR BRAZILIAN MANUFACTURED PRODUCTS ARE NOT UNFAVORABLE. HOWEVER, THE GOB IS QUITE RIGHTLY CONCERNED. INCREMENTS IN EXPORT EARNINGS SEEM TO BE MUCH MORE DIFFICULT TO ATTAIN WHEN EXPORTS ARE IN THE

\$8 TO 9 TO 10 BILLION RANGE THAN THEY WERE WHEN BRAZILIAN
EXPORTS WERE JUMPING FROM \$3 BILLION TO \$8 BILLION IN 1970-1974.
IN VERY RECENT DAYS THE PRESS HAS REPORTED EXPORT ESTIMATES
OF \$10.0 BILLION BY PRESIDENT CALMON DE SA OF BANCO DO BRASIL
AND OF \$9.5 BILLION BY FINANCE MINISTER SIMONSEN. EMBASSY
CONSIDERS THESE ESTIMATES TO BE OVERLY OPTIMISTIC AND IN NO
WAY CHANGES OUR OVERALL ASSESSMENT. CALMON DE SA AND SIMONSEN
ARE SIMPLY TRYING TO PUT A GOOD FACE ON THE DISAPPOINTING
EXPORT FIGURES FOR JANUARY.
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